

# CITY COUNCIL REPORT



Meeting Date: **October 21, 2014**  
 General Plan Element: ***Economic Development***  
 General Plan Goal: ***Sustain Scottsdale as a tourist destination***

## **ACTION**

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### **Rugby Bowl**

Adopt Resolution No. 9927 authorize funding, not to exceed \$65,000, from the city portion of bed tax allocated toward one time commitment capital, event, administration for "Rugby Bowl" and authorize the City Mayor to execute Agreement No.2014-171-COS with the Rugby Bowl, LLC.

## **BACKGROUND**

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On May 8, 2012, City Council approved Ordinance No. 4019 establishing an allocation of \$500 thousand of city bed-tax funds allocated toward one time commitment capital, event, administration for events and event development.

Rugby Bowl, LLC, producer of the Rugby Bowl, has proposed a one-year agreement with the City of Scottsdale for the 2015 Rugby Bowl to be played at the Scottsdale Stadium in Scottsdale, Arizona on April 18, 2015. The 2014 Rugby Bowl was played at WestWorld in Scottsdale, Arizona.

On September 16, 2014, the Tourism Development Commission unanimously recommended that City Council support the agreement between the city and the Rugby Bowl, LLC producer of the Rugby Bowl.

## **ANALYSIS & ASSESSMENT**

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The Rugby Bowl is in its second year when the inaugural sporting event, pitting ASU and BYU, attracted approximately 3,500 attendees and was the largest rugby event held in Arizona. It is not known how many of these fans were visiting from elsewhere. According to event producer, the 2014 event had an estimated media value of \$151,000.

The benefits associated with the event include the opportunity to promote tourism in Scottsdale but also create incremental room nights during what is normally a "shoulder season" period.

In order to enhance the city's event sponsorship evaluation process, the city has retained a qualified marketing research consultant, Artigue Agency, to measure, analyze, and report the

economic and fiscal impact as well as overall value and benefits associated with a proposed event sponsorship.

The Artigue Agency report:

1. The Rugby Bowl is a sporting event that could attract the interest of locals, and to a lesser extent, people from around the state who are interested in and/or who have actually played rugby. It may also generate some statewide and regional publicity for Scottsdale but that depends largely on the efforts and budget of the event organizers.
2. Financial participation by the city should have more to do with the opportunity for growth and sustainability of this niche sporting event.

### **Proposed Agreement Summary**

The following are host and promotional benefits outlined in the proposed one-year agreement between Rugby Bowl, LLC and the City of Scottsdale for a \$65,000 sponsorship:

- The Rugby Bowl, LLC will stage The Rugby Bowl: Beauty & The Beast at Scottsdale Stadium in Scottsdale, Arizona for a minimum of four hours on April 18, 2015.
- There will be a total of 2 matches with a minimum of 1 national and 3 local teams participating.
- Scottsdale Convention and Visitors Bureau will have the opportunity to distribute items or literature, to all event participants and attendees.
- The Rugby Bowl, LLC will cause Event announcers to verbally mention the City of Scottsdale and Scottsdale Convention and Visitors Bureau a minimum of five times during Event announcements. Scottsdale Convention and Visitors Bureau will provide the content of such verbal mentions to The Rugby Bowl, LLC prior to the Event.
- The Rugby Bowl, LLC will prominently feature Scottsdale visitor information in event press releases and public service announcements distributed for the event.
- The Rugby Bowl, LLC will provide City directly, or if requested by City, provide Scottsdale Convention and Visitors Bureau for the benefit of City, with corporate entertainment and hospitality opportunities at the Event consisting of:
  - Four (4) entries into the Event.
  - Eight (8) individual invitations to any Event welcome reception, party or dinner held for select sponsors and city officials.
- The Rugby Bowl, LLC will identify the City of Scottsdale and the Scottsdale Convention and Visitors Bureau as a host sponsors on the Event website. Producer will include on the Event website a link to the Scottsdale Convention and Visitors Bureau website and identify the Scottsdale Convention and Visitors Bureau website as a vacation planning resource or visitor information resource.

- The Rugby Bowl, LLC will work closely with Scottsdale Convention and Visitors Bureau to create mutually agreeable additional promotional opportunities for Scottsdale in connection with the Event. The Rugby Bowl, LLC will promote such promotional opportunities in conjunction with the Event on the Event's website.
- The Rugby Bowl, LLC will create and implement a marketing plan and promotion plan for the event which will target Columbus, Ohio and other Scottsdale feeder cities in order to provide assurance of increased tourism for Scottsdale as a result of the event. The marketing plan shall be provided to the City and initiated no later than December 1, 2014.
- The Rugby Bowl, LLC will provide a \$65,000 direct dollar event marketing investment in the Event and ensure that such investment is reflected in the required marketing and promotional plan. All marketing shall comply with paragraph 2.5 of this agreement in acknowledging City's support and sponsorship. In the event the direct dollar marketing investment is less than \$65,000 the sponsorship amount shall decrease to that level, provided that all other requirements of this Agreement are met.

Following the conclusion of the event, Rugby Bowl, LLC will provide the city a post event report that will provide:

1. An evaluation of the producer's performance under this agreement
2. The benefits to the city and the public achieved, and likely to be achieved, because of the event
3. And such other information as the post event report shall require. If requested, a presentation to City Council will be required.

In addition, the city has the option to conduct an event intercept survey during the event using questions selected by the city at the event at a reasonable cost to the event producer.

## **RESOURCE IMPACTS**

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### **Available Funding**

The total maximum city investment for the agreement is \$65,000. Based on FY2014/15 bed tax projections, funds are available.

### **Staffing, Workload Impact**

No additional staffing or other resources are anticipated as a result of the proposal.

## **OPTIONS & STAFF RECOMMENDATION**

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Adopt Resolution No. 9927 authorize funding, not to exceed \$65,000, from the city portion of bed tax allocated toward one time commitment capital, event, administration for "Rugby Bowl" and authorize the City Mayor to execute Agreement No.2014-171-COS with the Rugby Bowl, LLC.

**RESPONSIBLE DEPARTMENT(S)**

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Tourism & Events Department

**STAFF CONTACTS (S)**

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Steve Geiogamah, Tourism Development Manager-Tourism and Events Department,  
[sgeiogamah@scottsdaleaz.gov](mailto:sgeiogamah@scottsdaleaz.gov)

**APPROVED BY**

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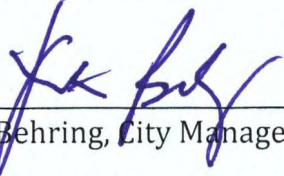
Paul T. Katsenes, Director

Tourism and Events Department

480-312-2890, [Pkatsenes@scottsdaleaz.gov](mailto:Pkatsenes@scottsdaleaz.gov)

10-6-14

Date



Fritz Behring, City Manager

480-312-2811, [FBehring@scottsdaleaz.gov](mailto:FBehring@scottsdaleaz.gov)

10-7-14

Date

**ATTACHMENTS**

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1. Resolution No. 9927
2. Agreement No. 2014-171-COS
3. September 16, 2014 Tourism Development Commission Meeting Minutes
4. Artigue Agency Report –Rugby Bowl

RESOLUTION NO. 9927

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING FUNDING NOT TO EXCEED \$65,000 FROM BED TAX FUNDS ALLOCATED FOR ONE TIME USE FOR TOURISM-RELATED CAPITAL PROJECTS, EVENTS/EVENT DEVELOPMENT OR ADMINISTRATION/RESEARCH FOR "RUGBY BOWL: BEAUTY & THE BEAST" AND AUTHORIZING THE CITY MAYOR TO EXECUTE AGREEMENT NO. 2014-171-COS WITH THE RUGBY BOWL, L.L.C.

WHEREAS, City desires to provide funds for the Rugby Bowl: Beauty & the Beast event;  
and

WHEREAS, City and the selected event producer wish to enter into an agreement for the event; and

WHEREAS, City Council has considered the City's expenditure authorized by the Agreement and the direct consideration the City will receive and finds that there is a clearly identified public purpose for the City's expenditure and the City will receive direct consideration substantially equal to its expenditure.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Scottsdale, Arizona, as follows:

Section 1. The City Council authorizes an amount not to exceed \$65,000.00 from bed tax funds allocated for one time use for tourism-related capital projects, events/event development or administration/research for "Rugby Bowl: Beauty & the Beast".

Section 2. The City Council authorizes and directs the Mayor to execute, on behalf of the City, Contract No. 2014-171-COS with Rugby Bowl, L.L.C.

PASSED AND ADOPTED by the City Council of the City of Scottsdale, Arizona this \_\_\_\_ day of October, 2014.

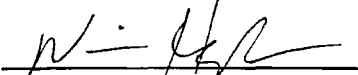
CITY OF SCOTTSDALE, an Arizona  
municipal corporation

ATTEST:

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bruce Washburn, City Attorney  
By: William Hylen  
Assistant City Attorney

Contract No. 2014-171-COS

NEW EVENT FUNDING AGREEMENT

THIS NEW EVENT FUNDING AGREEMENT (the "Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2014 by and between The Rugby Bowl, LLC ("Producer") and the CITY OF SCOTTSDALE, an Arizona municipal corporation ("City").

RECITALS

A. City's City Council has approved the expenditure of a portion of certain funds collected (the "Bed Tax Funds") in conformity with Financial Policy 21A to be used to help promote certain events supporting tourism and the hospitality industry in Scottsdale, Arizona.

B. Producer is the producer of a certain tourist-oriented event with the working title of "Rugby Bowl: Beauty & the Beast" (the "Event").

C. Producer has submitted to City a proposal describing the Event and requesting that City authorize use of a portion of the Bed Tax Funds for the Event to promote Scottsdale as a tourist destination.

D. At Producer's request, City has determined to provide funds (the "Event Funds") to Producer of up to the maximum amount of Sixty-Five Thousand Dollars (\$65,000) (the "Event Amount").

E. City's willingness to provide the Event Funds is conditioned upon Producer's executing and performing this Agreement and delivering to City after the Event a report (the "Post Event Report") accompanied by a separate invoice (the "Invoice").

NOW, THEREFORE, in consideration of the foregoing and good and valuable consideration received, the parties hereto agree as follows:

1. Funding Limitation. Payment of the Event Funds is subject to all of the following cumulative conditions and limitations:

1.1 The total amount of Event Funds City pays under this Agreement shall not exceed the Event Amount, minus reductions made under paragraph 3.1, setoffs and other amounts to which City may be entitled, which such setoffs and other amounts are communicated and reasonably explained to Producer.

1.2 City's payment shall be made only from Bed Tax Funds, specifically the portion allocated to Event development. City is not obligated to provide funding from any other source.

1.3 Without detracting from limits contained elsewhere in this Agreement, Event Funds shall be disbursed only to the extent City has collected adequate Bed Tax Funds to disburse these amounts.

2. Event Requirements. In addition to the Event Scope of Deliverables more specifically set forth in Exhibit A, attached hereto and herein incorporated by reference in its entirety, Producer shall cause the Event to comply with all of the following requirements:

2.1 The Event shall be held within the corporate limits of the City of Scottsdale.

2.2 The Event shall be open to the public.

2.3 The Event shall be held on the dates stated in the Proposal-April 18, 2015, or as such dates mutually agreed upon by City and Producer. If the Event fails to occur on such dates, the City shall not be obligated to perform.

Notwithstanding the foregoing, if the Event fails to occur on the above dates solely due to weather, an act of God, or a condition beyond the reasonable control of Producer, then Event (or any portion thereof) may be rescheduled to a subsequent date certain. All rights and privileges of the parties will continue until conclusion of the Event. Should the Parties agree that rescheduling the Event is not tenable, they may mutually decide to cancel this Agreement and sponsor (City) shall have no further obligation to provide additional funds beyond the value of sponsorship benefits provided to date.

2.4 Producer's representation that the Event will be of the same scale, quality, attendance, economic benefit to the public, and provide other public benefits, or better, as are described in the Proposal is a material term of this Agreement.

2.5 Producer shall publicly acknowledge the City support represented by this Agreement. Without limitation, all Event publicity, advertising, marketing, promotion, public relations and other activities before and during the Event shall acknowledge City's support, shall clearly indicate that the Event occurs in Scottsdale, shall clearly indicate the Event is sponsored by City, and shall utilize (as determined appropriate by City) a logo provided by City or Event

sponsorship logo provided by Scottsdale Convention and Visitors Bureau. No other use of City's name is allowed in any form of advertising or public relations without prior City approval.

2.6 No later than (60) days prior to the Event, Producer shall meet with City and SCVB and shall present for City's input the booking engines, room blocks, third party economic impact reports or equivalent methods that Producer will use to track which hotels and other lodgings are used by attendees, staff, vendors and other persons who attend the Event.

2.7 No later than thirty (30) days prior to the Event, Producer shall deliver to City a letter, email, or fax (the "Exhibit Space Invitation") offering City a minimum of eighty (80) square feet of reasonably prominent exhibit space at the Event to be used by City at no charge for the purpose of promoting Scottsdale.

2.8 The official Event website shall have a prominent link to City's website and to SCVB's website.

2.9 City will conduct an Event intercept survey, with questions to be provided by City, which cost (\$500-\$1000) will be reimbursed by Producer. Producer shall cooperate, as necessary, with City in conducting or facilitating the Event intercept survey.

2.10 After the Event, Producer shall provide the Post Event Report to City as follows:

2.10.1 The Post Event Report shall be a written report formatted according to the template to be provided by City.

2.10.2 The Post Event Report shall include the following:

2.10.2.1 A narrative description of:

2.10.2.1.1 The Event.

2.10.2.1.2 Producer's performance under this Agreement.

2.10.2.1.3 The benefits to City and the public achieved and likely to be achieved because of the Event.

2.10.2.1.4 The Event's effects on City hotels.

2.10.2.1.5 The positive and negative effects on City services, facilities and neighborhoods.

2.10.2.2 A statement of the total attendance for the Event.

2.10.2.3 Such other reasonable information as the Post Event Report template to be provided by City shall require.

2.10.3 Producer shall deliver the Post Event Report to City no later than sixty (60) days after the Event.

2.10.4 Producer shall deliver the Post Event Report and the Invoice simultaneously in the same package and delivery, but each shall be enclosed in a separate sealed envelope within the package.

2.11 If the Producer seeks to obtain a Presenting Sponsor for the Event, the Producer shall not allow any of the following to be a Presenting Sponsor:

- a. Sexually oriented businesses, bars, massage facilities, gun shops, or manufacturers or sellers of firearms or weapons.
- b. A religious or political organization.
- c. A commercial enterprise whose business is substantially derived from the sale or manufacture of alcoholic or tobacco products.

3. Event Fund Payment. Producer shall request Event Funds and City shall pay Event Funds as follows:

3.1 City's payment of the Event Funds is conditioned upon Producer executing and performing this Agreement and making all required payments to the City for rental of City facilities or services provided by the City in connection with the Event.

3.2 City reserves the right to reduce the Event Funds below \$65,000 to the extent Producer's pre or post-event marketing values do not support such direct sponsorship amount. In no event shall the Event funds exceed the amount of the direct dollar event marketing investment in the Event. See Exhibit A.

3.3 City shall make the payment within sixty (60) days after receiving all of the following:

3.3.1 The Post Event Report.

3.3.2 The Invoice.

3.3.3 All supporting and other materials required by this Agreement. Payment of Event Amount shall be conditioned on Producer providing such evidence as City requests.

4. Compliance With Law. This Agreement does not waive and is not a substitute for Producer's obligation to comply with all state, local and federal laws, policies and regulations applicable to the Event. This Agreement is not a permit or regulatory approval to hold the Event. This Agreement is not a promise to make City venues or other resources available for the Event.

5. Indemnification. To the fullest extent permitted by law, Producer, its successors, assigns and guarantors, shall defend, indemnify and hold harmless City, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Producer relating to the Event, and any work or services in the performance of this Agreement by Producer, including but not limited to, any subcontractors, or representatives or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Producer's employees. Producer's indemnification obligations shall extend beyond and will not be affected by any termination of this Agreement.

6. Insurance. Producer shall purchase and maintain during the Event and during all setup and takedown of the Event insurance with coverages and limits as follows:

6.1 The following coverages are required:

6.1.1 Commercial/Business Automobile Liability insurance with a limit of not less than \$1,000,000, each accident with respect to the Producer owned, hired, and non-owned vehicles.

6.1.2 Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Producer's employees; and Employers' Liability

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Contract No. 2014-171-COS

insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit. If any work is performed by third parties, Producer will cause the third parties to provide Workers Compensation and Employers' Liability to at least the same extent as required of Producer.

6.1.3 "Occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate limit. The policy shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, such Excess insurance shall be "follow form" equal or broader in coverage scope than underlying.

6.1.4 If valet parking is offered, Garagekeepers Legal Liability with limits of not less than \$75,000 per vehicle.

6.1.5 If alcohol is sold at the Event, liquor liability insurance with a limit of not less than \$5,000,000 for each occurrence and \$5,000,000 aggregate.

6.2 For all insurance policies except Workers Compensation, City shall be named as additional insured.

6.3 City's Risk Management Division may increase or change required insurance coverage and limits from time to time depending on the size, scope and nature of the activities of the Event. No reduction in coverage or policy limits is effective without the written approval of City's Risk Manager or designee.

6.4 Producer shall purchase and maintain all required insurance from insurance companies licensed to do business in the State of Arizona, or from qualified non-admitted insurers who are authorized to do business in the State of Arizona.

6.5 Producer shall provide City, prior to the Event, certificates of insurance as evidence that the required insurance coverages and limits are in full force and effect.

7. Term/Termination. This Agreement shall be in effect from the date executed by City's Mayor and will terminate upon Producer providing to City a satisfactory Post Event Report and City paying to Producer the Event Funds. However, City may, without further obligation,

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terminate the Agreement earlier for convenience or cause, upon giving Producer sixty (60) days written notice. If the Event is canceled, this Agreement and all obligations of City and Producer hereunder shall also cancel at such date.

8. Miscellaneous.

8.1 Assignment. Producer's obligations and rights hereunder shall not be assigned or delegated, in whole or in part, without City's prior written consent.

8.2 Cancellation. This Agreement is subject to cancellation pursuant to the provisions of A.R.S. § 38-511.

8.3 Modifications. Any amendment or modification from the terms of the Agreement shall be in writing and shall be effective only upon approval of all parties.

8.4 Severability. If any term or provision of this Agreement shall be found to be illegal or unenforceable, the remainder of this Agreement shall remain in full force and effect, and such term or provision shall be deemed to be deleted.

8.5 Attorney's Fees. If any party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall be entitled to receive from the non-prevailing party reasonable attorney's fees, costs, and expenses, determined by a court sitting without a jury, which shall be deemed to have accrued on the commencement of such action.

8.6 Authority. The person executing this Agreement on behalf of Producer warrants and represents to have full power and authority on behalf of Producer to enter into and perform this Agreement.

8.7 Notices. Notices hereunder shall be given in writing by hand delivery or by United States mail, return receipt requested, postage prepaid addressed to:

If to City: Steve Geiogamah  
Tourism Development Manager  
Tourism & Events Department  
City of Scottsdale  
7506 E. Indian School Road  
Scottsdale, AZ 85251

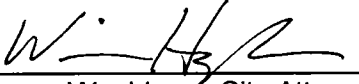
If to Producer: Jennifer Moser  
The Rugby Bowl, LLC  
7144 E. Stetson Dr.  
Scottsdale, AZ 85251

By notice, City or Producer may designate other addresses for receiving mailed notice hereunder. Service of any notice by mail shall be deemed to be complete three (3) days (excluding Saturday, Sunday and legal holidays) after the notice is deposited in the United States mail.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first stated above.

ATTEST:	CITY:	By: _____ W.J. "Jim" Lane Mayor
By: _____ Carolyn Jagger City Clerk	PRODUCER:	By: _____ Jennifer Moser

APPROVED AS TO FORM:

  
Bruce Washburn, City Attorney  
By: William K. Hylen  
Assistant City Attorney

\_\_\_\_\_  
Katherine Callaway  
Risk Management Director

\_\_\_\_\_  
Steve Geiogamah  
Tourism Development Manager

### Exhibit A

The following are host and promotional benefits outlined in the proposed one-year agreement between The Rugby Bowl, LLC and the City:

- The Rugby Bowl, LLC will stage The Rugby Bowl: Beauty & The Beast at Scottsdale Stadium in Scottsdale, Arizona for a minimum of four hours on April 18, 2015.
- There will be a total of 2 matches with a minimum of 1 national and 3 local teams participating.
- Scottsdale Convention and Visitors Bureau will have the opportunity to distribute items or literature, to all event participants and attendees.
- The Rugby Bowl, LLC will cause Event announcers to verbally mention the City of Scottsdale and Scottsdale Convention and Visitors Bureau a minimum of five times during Event announcements. Scottsdale Convention and Visitors Bureau will provide the content of such verbal mentions to The Rugby Bowl, LLC prior to the Event.
- The Rugby Bowl, LLC will prominently feature Scottsdale visitor information in event press releases and public service announcements distributed for the event.
- The Rugby Bowl, LLC will provide City directly, or if requested by City, provide Scottsdale Convention and Visitors Bureau for the benefit of City, with corporate entertainment and hospitality opportunities at the Event consisting of:
  - Four (4) entries into the Event.
  - Eight (8) individual invitations to any Event welcome reception, party or dinner held for select sponsors and city officials.
- The Rugby Bowl, LLC will identify the City of Scottsdale and the Scottsdale Convention and Visitors Bureau as a host sponsors on the Event website. Producer will include on the Event website a link to the Scottsdale Convention and Visitors Bureau website and identify the Scottsdale Convention and Visitors Bureau website as a vacation planning resource or visitor information resource.
- The Rugby Bowl, LLC will work closely with Scottsdale Convention and Visitors Bureau to create mutually agreeable additional promotional opportunities for Scottsdale in connection with the Event. Rugby Bowl, LLC will promote such promotional opportunities in conjunction with the Event on the Event's website.
- The Rugby Bowl, LLC will create and implement a marketing plan and promotion plan for the event which will target Columbus, Ohio and other Scottsdale feeder cities

in order to provide assurance of increased tourism for Scottsdale as a result of the event. The marketing plan shall be provided to the City and initiated no later than December 1, 2014.

- The Rugby Bowl, LLC will provide a \$65,000 direct dollar event marketing investment in the Event and ensure that such investment is reflected in the required marketing and promotional plan. All marketing shall comply with paragraph 2.5 of this agreement in acknowledging City's support and sponsorship. In the event the direct dollar marketing investment is less than \$65,000 the sponsorship amount shall decrease to that level, provided that all other requirements of this Agreement are met.
- The Rugby Bowl, LLC will provide the City a post event report which will provide an evaluation of the producer's performance under this agreement, the benefits to the City and the public achieved and likely to be achieved because of the event, and such other information as the post event report template to be provided by the City shall require. Post event report shall be provided to the City within 60 days following the conclusion of the event. If requested, a presentation to City Council will be required.



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, September 16, 2014**

**Kiva Forum – City Hall  
3939 N. Drinkwater Boulevard  
Scottsdale, Arizona 85251  
DRAFT MINUTES**

- PRESENT:** David Scholefield, Chairperson  
Tom Enders, Vice-Chairperson  
Ace Bailey  
Carl Grupp (arrived at 8:14 a.m.)  
Camille Hill  
Ren Hirose  
Robert McCreary
- STAFF:** Steve Geiogamah  
Holli Shannon  
Kroy Ekblaw  
Lee Guillory  
Paul Katsenes  
Gary Meyer  
Jeff Nichols  
Dan Worth
- GUESTS:** Rachel Pearson, SCVB  
John Holdsworth  
Max Kittel  
Jason Rose  
Gary Lane  
Valerie LeBlanc, Places Consulting  
David Smith  
Donna Isaac  
Sonnie Kirtley  
Sandy Schenkat

**1. Call to Order/Roll Call**

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m.

**2. Approval of Minutes**

- August 19, 2014 Regular Meeting

Chairperson Scholefield clarified his suggestion that traffic information be sent directly to resorts so they can proactively inform guests about traffic problems before they depart, instead of relying exclusively on message boards.

**COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE AUGUST 19, 2014, TOURISM DEVELOPMENT COMMISSION REGULAR MEETING AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONERS HIROSE AND ENDERS ABSTAINED, AND COMMISSIONER GRUPP WAS NOT YET PRESENT.**

**3. Manager Reports**

- a. Staff Bed-Tax Collection Report

No report.

- b. Bed Tax Proforma

Ms. Lee Guillory presented a revised format of the proforma designed to provide more detailed information. The 2013/14 column has been updated to reflect actuals known at the time the document was produced. Under each category whenever a maximum amount can be committed, that amount will be shown in bold type. The Marshall Way Art Project that was previously listed in the carryover balance was moved to the one-time commitment category to reflect the intent of City Council. At the end of FY2013/14, \$4.3 million of unused tourism funds were added to the existing \$7 million carryover balance. Once the four recommended uses were subtracted, the remaining balance was \$9 million.

Chairperson Scholefield inquired why the tourism dollars used for the Marshall Way Art Project only showed up on the proforma last month. Ms. Guillory explained that she was not aware that City Council had made such a decision prior to then. She clarified that the funds have not been spent for the project, but were moved out of the tourism fund in FY2013/14. Mr. Geiogamah explained that staff is making changes necessary to ensure that Tourism is kept informed of any such decisions in the future.

- c. Smith Travel Report

No report.

- d. Program Updates

Mr. Geiogamah introduced a new form to update the Commission on events, in line with the new process that was enacted this year. A working group reviews community events as well as event support funding proposals. Their recommendations are then sent to the Mayor for contract signature.

Commissioner Hirose stated that the working group meetings have been very productive. The group reviews whether events provide educational, recreational, cultural, or historical opportunities, and whether they enhance the character of Scottsdale. Timing and love of place are other considerations. Chairperson Scholefield inquired whether any of the organizations have provided feedback. Mr. Geiogamah said feedback has been positive.

Mr. Ekblaw noted that during the summer, City Council approved an interim approach for jeep tours in the McDowell Sonoran Preserve. For a one-year period through the end of May 2015, four commercial operators will be allowed to run tours on a three-mile loop in the northeast portion of the Preserve. Part of that approval includes an agreement with the Tonto National Forest, which City Council has approved and has authorized funding for. The Forest Service is in the process of preparing the first draft of their RFP process for outfitters, and they expect to make preliminary decisions by April of 2015. Everything is on track to meet the proposed deadline. Chairperson Scholefield requested that staff inform the TDC in the event that a delay occurs.

Mr. Ekblaw said a joint meeting between the TDC and the McDowell Sonoran Preserve Commission is being planned for late October or early November. The goal of the meeting is to discuss jeep tours, as well as other items presented by the Conservancy, the SCVB, and staff that overlap both tourism and the Preserve. Mr. Geiogamah stated that on September 23, the Tourism Department will have an open house.

#### **4. Tourism Advisory Task Force Update**

John Holdsworth, Chairperson of the Tourism Advisory Task Force, said the group was appointed to oversee the five-year Tourism Strategic Plan. Eleven members and two alternates are charged with executing the plan. The TATF meets four times per year, but also operates in smaller groups on specific issues. Behind the scenes, the Task Force Members have spoken to over 500 people to get feedback on decision making and planning. The scope of the project is extremely large, and each of the many teams has a set of deadlines to meet. Seven plans have been fully defined for year one, and are in the process of being implemented. The plans for year two have been finalized in draft form and will soon be introduced to the Task Force.

Mr. Holdsworth explained that the TATF is aiming to move Scottsdale from a resort-centric destination to a destination-centric community. Some of the existing attractions will have to change at least slightly for the next generation. Goals include building social capital, acknowledging Scottsdale's heritage, and protecting what matters. An urban experience will have to be created in order to appeal to the next generation. The current focus is to have Scottsdale become the gateway to Arizona, not just the city itself. The TATF is looking at the arrival experience, the desert, art and culture, architecture, native cultures, rituals, activities, tours, healthy lifestyles, and outdoor living.

Mr. Holdsworth reviewed some of the tasks scheduled for year one, which include a downtown bike tour, Arizona Central, downtown happenings and animation, an international arts festival, a Cowboy Christmas, a digital Dashboard app, the arrival experience, and downtown signage. Some of these initiatives are almost ready to go, while others will take years to accomplish. Year two tasks include an RFP for a

professional events manager to help create 200 downtown events per year. Arizona Central will eventually develop into a gateway to other parts of the state. Additional bicycle tours are planned. The Dashboard will include a calendar of events.

Mr. Holdsworth said the TATF includes young people who have been charged with creating opportunities to meet the needs of future generations. Even though S.B. 1062 was vetoed by the Governor, it had an immediate effect on tourism. As a result, a formal crisis response plan is being prepared to avoid being caught by surprise again in the future.

Mr. Holdsworth explained that he is putting together ad hoc groups with expertise from various parts of the community to address some longer term problems like transportation and funding large capital projects. He also plans a formal newsletter to provide more frequent updates on the progress the Task Force is making.

Chairperson Scholefield expressed his appreciation for the work of the Task Force. Commissioner Bailey concurred. Commissioner Hirose said the effort to reach out to event producers to learn more about the types of events that could be brought to Scottsdale is a great idea. Commissioner Enders suggested that crisis reserve fund could be supported by the carryover balance.

#### **5. TNEC Equestrian Center – Public Art Piece Update**

Dan Worth, Executive Director of Public Works, provided an update on the public art piece at the Tony Nelssen Equestrian Center at WestWorld. The piece is being fabricated and installed by local artist Jeff Zischke. In March, staff requested the use of bed tax funds for a separate capital project using \$380,000 of carryover bed tax funds to install the piece in time for this winter's event season. At that time, construction on TNEC was still in progress. The TDC declined to support the proposal, but the City Council later approved it. Some of the major event producers later objected to the location of the art piece.

Mr. Worth reported that the art piece is now being fabricated. The TNEC project budget has largely been resolved, and the City paid about \$100,000 against the \$500,000 in disputed claims. The savings was enough to pay for the public art. A new spot was found that not only satisfies all parties but gives the art piece greater visibility at the north entrance, which has become the de facto main entrance. The art piece will be complete by the start of the Barrett-Jackson Auto Auction. The carryover balance that City Council earmarked for this purpose will likely be returned to the bed tax fund.

#### **6. Marshall Way Public Art**

Gary Meyer, Senior Project Manager, provided an update on the public art project on Marshall Way at Indian School Road, extending along the street towards Fifth Avenue. A selection panel was created in 2013, and a great deal of community input was obtained. The project initially called for an entryway feature but it was expanded. Artists submitted 311 proposals, which were narrowed to 19 semifinalists and later four finalists. The final selection will occur next month.

Donna Isaac stated that the finalists were selected because they offered a diverse range of choices. Christopher Janney works with light based and interactive art. John Randall Nelson is a Tempe-based artist who has created art for Sky Harbor. R&R Studio is a Miami-based team of artists who have worked internationally. Walcak & Heiss have created interactive public art in Denver.

Ms. Isaac said on September 29 the panel will review the proposals in detail. On October 19, the artists will be interviewed via Skype to discuss their proposals with the panel. The Public Art Advisory Board will consider the panel's recommendation at their November 14 meeting. A design contract would be prepared through by the spring of 2015. Commissioner Grupp asked how many proposals were Arizona based. Ms. Isaac responded that whenever calls go out for submission, Arizona artists are contacted, especially those who would be a good fit. Public Art has never limited calls to Arizona artists simply because they compete very well nationally. Typically about a quarter of proposals for Scottsdale come from Arizona.

Commissioner Hirose inquired about the criteria for selecting artists. Ms. Isaac explained that each piece has different criteria set by the project manager to meet the needs of the specific project. In this case, criteria were defined by the original intent, which was to feature an entryway and art that would draw people along the street and activate Marshall Way. The merchants really want to bring some life back to the street. Aesthetics and quality are always important features to consider. Artists are judged partially by the projects they have completed and the budgets they have worked under. References were checked very diligently.

## **7. Tony Nelssen Equestrian Center (TNEC) - Funding Request**

Jeff Nichols, City Treasurer, said Financial Policy 21A was put into place after the bed tax was increased from 3% to 5%. At the end of each fiscal year, any unused funds may be used for any non-marketing tourism category except the General Fund. It may be allocated without limitations, except it may not be leveraged through multi-year annual commitments such as debt service. Financial Policy 37 says a privilege tax debt service reserve will be funded at no less than the annual debt service for all currently outstanding 1% privilege tax supported debt to be temporarily used for unforeseen emergencies or catastrophic impacts to the city. The carryover balance has \$9 million in available funds. There are commitments for the Museum of the West annual debt service of \$900,000, and to the Tournament Players Club of \$1.15 million that could be freed up.

Mr. Nichols said the City initially planned to issue another series of NPC debt to cover the balance of the TNEC project. This issuance would have cost the City \$10,000 initially, and another \$600,000 over 20 years to service, which would impact the General Fund. The TDC has made a very large commitment to the TNEC. Over the life of the debt, approximately \$24.5 million will come from the Tourism Development Fund, while the General Fund will contribute \$23.9 million. Contributions from the major event producers will total \$6.9 million. He requested that the TDC allocate \$1.115 million of unused carryover funds to cover the balance of the TNEC capital improvements.

Chairperson Scholefield invited public comments.

David Smith said Financial Policy 37 was set up to distinguish between debt serviced by the General Fund sales tax and debt serviced by the Preserve sales tax. What transpired in the intervening years is the emergence of new debt supported by the bed tax. It is important that the City maintain reserves for debt. He encourages the City Council to fix this loophole rather than exploit it. The TDC has to consider the wisdom of putting another \$1.115 million into the TNEC project. The facility is finished, but there were cost overruns, and it has yet to generate the kinds of revenues initially expected. Using money from the tourism carryover balance would not create any more tourism; it would only avoid issuing debt in the General Fund, which promised to pay the balance. He felt approving this request would set a bad precedent.

Commissioner Hirose said a business would either cut expenses or increase revenues to cover the balance if faced with this situation. Mr. Nichols explained that the costs have to be paid during the current fiscal year, which means the City cannot wait for revenues to appear. If the TNEC begins to generate the types of revenues that were expected, the General Fund burden could be reduced later. The General Fund five-year CIP has more appropriations than there is money in the bank to pay for them. He said the events held at TNEC do bring people to Scottsdale, and some of those people are staying in Scottsdale hotels.

Commissioner Hirose asked if the bed tax funds allocated to TNEC could be returned if the facility becomes successful. Mr. Nichols said he would not speculate on that possibility at this time. He would prefer to see a successful WestWorld operate like an enterprise fund, where the revenues generated would pay for all expenses, but that does not seem likely anytime soon.

Commissioner Grupp noted that the bed tax is already deeply committed to debt service, which is affecting the TDC's ability to pursue new initiatives. Tourism is a revenue driver, and every dollar removed from it impacts the General Fund. Mr. Nichols said the City recognizes that tourism is one of the major drivers of General Fund revenue, but the TNEC, along with downtown, does support Scottsdale's claim of being the West's Most Western Town. Half of the bed tax money goes to destination marketing.

Chairperson Scholefield suggested that the City cut expenses in order to balance the General Fund. Mr. Nichols said the capital projects were identified as critical needs. Without the advent of a successful bond program, City Council will have to consider reductions in the operating budget to fund the shortfalls in the five-year capital program. Chairperson Scholefield recommended proposing that City Council consider the option to balance the cash flow against the expenses, rather than seeking money from another source. Mr. Nichols expressed his belief that if a bond proposal is to pass in Scottsdale, the City has to demonstrate that it can judiciously manage its current funds.

Ms. Guillory clarified that Mr. Nichols is trying to undo a use of \$2 million for reserves, while using \$1.115 million for the TNEC project. The tourism fund would actually benefit from the transaction, as the carryover balance would increase by about \$945,000.

Commissioner McCreary asked whether the allocation could be conditional. Mr. Nichols explained that City Council would be presented with a single action to complete the TNEC project. Commissioner Enders said he understands the reasoning behind the

request, but said the TDC is charged with recommending the best use of bed tax dollars. He felt this request does not meet the intent of the voters.

**COMMISSIONER ENDERS MOVED TO NOT SUPPORT THE REQUEST.  
COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY  
A VOTE OF SEVEN (7) TO ZERO (0).**

#### **8. Group Meeting Program – Use of Bed Tax**

Steve Geiogamah said the TDC has been asked to evaluate the potential use of bed tax dollars to respond to requests for proposals related to group meetings or expositions held at hotel or resort properties. This could also include event venues such as WestWorld and the groups they attract. Staff has met with the SCVB to review four considerations:

- Can City bed tax be used to support a program without consideration for public access to an event?
- Will room nights be enough consideration for limited program marketing destination opportunities through a group meeting?
- If a local host committee is required, how will the committee be developed and supported?
- How much funding will be needed to support a program that may require direct dollar investment of \$100,000 or more, and where would those dollars be allocated from?

Staff has outlined potential objectives for such a program that would be centered on room nights. As the concept develops further, it will be presented to the TDC for updates. There is no proposed timeline for completion.

Commissioner Grupp inquired whether a TDC member is involved in the working group. Mr. Geiogamah said someone will be invited in the future. Chairperson Scholefield said the City must be very cognizant of the gift clause and should ensure that all due diligence is done. Commissioner Hirose felt that group meetings should incorporate a minimum number of resorts. Commissioner Hill asked whether the bonus enticement would make Scottsdale more competitive. Mr. Geiogamah said it would.

#### **9. Taste of the NFL Event – Event Development Funding Request**

Max Kittel said Taste of the NFL views Scottsdale as the community best positioned to help the event raise as much money as possible. Since all NFL cities are represented at the event, the media and celebrity exposure is broad. There are many opportunities to showcase Scottsdale, and many decision makers attend. Ticket sales are based on space and the number of chefs participating. This year about 3,300 people are expected. Commissioner Hirose inquired about using the Scottsdale logo. Mr. Kittel said a promotional campaign would use the tagline "Road to Scottsdale," and the WestWorld of Scottsdale logo would be used to show the location of the event, but noted that the NFL restricts how its logo is used in conjunction with others.

**COMMISSIONER HIROSE MOVED TO RECOMMEND FUNDING OF \$75,000 FROM EVENT DEVELOPMENT ONE TIME COMMITMENT FUNDS. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SEVEN (7) TO ZERO (0).**

**10. Rugby Bowl Event – Event Development Funding Request**

Mr. Geiogamah said the TDC has two funding options, the first for up to \$40,000 and the second for up to \$65,000. Jason Rose said a rugby-oriented companion event to Horses & Horsepower was launched in the spring of 2014. More people attended it than did the first year of the polo event. It was one of the largest rugby events in the country. ASU has a nationally ranked rugby program, and BYU is the three-time defending college champion. A tug-of-war between fans of the opposing teams was held at halftime. The Pac 12 Network has agreed to create a program around the event featuring a football player who transitions to rugby, which should create considerable exposure locally and nationally.

In 2015, the event will relocate to Scottsdale Stadium, which will help create synergy with surrounding bars. The facility is more conducive to rugby. The Arizona High School Rugby Championships will be added to the agenda. ASU will host Ohio State. The new Beauty and the Beast theme is part of an overall effort to upscale the event. It will be held one week later this year to avoid conflicts with other high profile events. Tickets will be allocated to resort and hotel guests so they can attend. Both earned and paid media will be used.

Gary Lane, Head Coach of ASU Rugby, said the event is important to his team. Ohio State is a major team with a strong following. The Varsity Cup is a tournament of top teams from around the U.S. The goal is to turn the Scottsdale event into the super-regional for the Varsity Cup, which would bring together the top four teams in the region along with their fans. That event would be televised by NBC. Part of the Collegiate Rugby Championships could also be lured to Scottsdale.

Commissioner Enders said this would seem more appropriate for consideration as a new event. Mr. Geiogamah explained that funding would come from one-time commitments, because the existing event development funds for FY2014/15 have already been expended. One-time commitment funds can be used on events, and there is more than \$300,000 available in that fund.

Commissioner Enders felt that based on the new event requirements, this proposal would best qualify for Option 1. Mr. Rose responded that this rugby request is consistent with the one made for the polo event. Earned media can have a bigger impact than paid media if done right. He felt that Option 2 was a better construct for the rugby event. He said he very clearly understands the City's need for a return on their investment. The post event reports for polo have been very complete in that regard. He requested an amount up to \$65,000.

Commissioner Grupp commended Mr. Rose for coming up with new events that fulfill Scottsdale's mission. He recommended pursuing the goal of eventually attracting the Brumbies of Australia. Commissioner Hirose suggested targeting teams from some of

Scottsdale's target markets. Mr. Rose responded that the rugby event would eventually be expanded to two days, which would accommodate more teams. Commissioner Bailey said another event downtown would help reinvigorate the area.

Commissioner Enders abstained from the vote due to his connection with ASU Athletics. Mr. Rose clarified that he was unaware of that connection prior to this meeting.

**COMMISSIONER BAILEY MOVED TO RECOMMEND FUNDING OF UP TO \$65,000 FROM THE EVENT DEVELOPMENT ONE TIME COMMITMENT FUNDS USING THE NEW EVENT DEVELOPMENT REQUIREMENTS. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER ENDERS ABSTAINED.**

**11. Identification of Future Agenda Items**

Mr. Geiogamah said the next meeting would include a presentation on the Leisure Visitor Inquiry Study for 2014.

**12. Public Comment**

None.

**13. Adjournment**

The meeting adjourned at 10:02 a.m.

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## **Review of the Economic/Media Impact of the Arizona Rugby Bowl**

The following report is an analysis of the potential impact for the City of Scottsdale by hosting the **2015 Arizona Rugby Bowl** at Scottsdale Stadium. In keeping with our firm's many other predictive studies, necessary assumptions have been made and any numbers shared here are intentionally conservative projections.

### **Situational Analysis**

The Arizona Rugby Bowl is in its second year after a modest start in 2014 when the inaugural sporting event, pitting ASU and BYU, attracted approximately 3,500 attendees. It is not known how many of these fans were visiting from elsewhere.

In addition to the primary collegiate competition, a youth rugby exhibition was also staged last year. Major sponsors included Swift Transportation, Remax, Univision and VIP Mortgage.

### **Report Objective**

The purpose of this report is to provide an examination of the anticipated media/marketing impact from the Arizona Rugby Bowl on the City of Scottsdale, and how that exposure might promote tourism and ultimately, incremental tax dollars.

### **Rugby Bowl Economic Impact**

Calculating economic impact of an event such the Rugby Bowl is, realistically, no more than a prediction. Because this event is relatively new, there isn't any trend data to make assessments from, so it is a bit of guesswork.

Event organizers have suggested that the value of the media exposure surrounding last year's rugby competition was \$151,240, though they don't provide any details about the marketing that was done.

Beyond that media value is whatever benefit there might be in visitation (non-Maricopa County residents) and subsequent room night revenue for Scottsdale hotels. Again, no visitor data seems to be available.



Because of the time of year (April) and where visitors might actually stay, it's hard to say what the room revenue might be. It is, however, fair to say that the economic impact in the second year of this event will be quite modest as most of the attendees are likely be local, hard-core rugby fans.

### **Rugby Bowl Media Impact**

There is a possible opportunity for local and regional media exposure as the event organizers indicated that the contest will ultimately be a rugby regional game. It is not clear what, if any part of this rugby game, will include portrayals of the competition for replay into other markets.

Once again, there is no real information about a cable broadcast other than a mention that FOX Sports Arizona might be involved. There is also no indication of any general PR or promotional efforts, paid or traded, to announce that the Rugby Bowl is coming to Scottsdale Stadium.

### **Questions and Considerations**

1. What are organizers predicting as far as attendance at the 2<sup>nd</sup> Annual Rugby Bowl? How many of these will be the actual participants/organizers?
2. How many other regional rugby competitions will take place and in which markets?
3. There is no mention of an advertising or public relations campaign to support the Rugby Bowl, so what is planned?
4. What would Scottsdale's contribution be earmarked for? Has an event budget been created and when will that be provided to the TDC?
5. What are the sponsorship "entitlements" for the city and the CVB; marketing, general promotion, hospitality offerings?
6. Who else will be involved, related to new partners/corporate sponsors?
7. Do the event organizers plan to have the Rugby Bowl become an annual event?



8. Finally, will the TDC receive a written summary report upon the conclusion of the event, providing all of the details pertaining to attendance, visitation, marketing efforts, etc?

## **Report Summary**

This has been a difficult event proposal to assess as there are few details from last year's game, nor any mention of the funding request. Of course it is relatively new so even the event organizers can't know for certain what to expect.

The Rugby Bowl is a sporting event that could attract the interest of locals, and to a lesser extent, people from around the state who are interested in and/or who have actually played rugby. It may also generate some statewide and regional publicity for Scottsdale but that depends largely on the efforts and budget of the event organizers.

Rather than attempting to measure actual ROI in terms of visitor spending and media exposure from this event, we suggest that any financial participation by the city is made having more to do with the opportunity for growth and sustainability of this niche sporting event.

***Respectfully Submitted,  
The Artigue Agency***